API Well Number: 43037500680000

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3
AMENDED REPORT ☑

APPLICATION FOR PERMIT TO DRILL

1. WELL NAME and NUMBER Cactus Park 10-14-36-24	
2. TYPE OF WORK DRILL NEW WELL ● REENTER P&A WELL ○ DEEPEN WELL ○	**3. FIELD OR WILDCAT** WILDCAT
4. TYPE OF WELL Gas Well Coalbed Methane Well: NO	**5. UNIT or COMMUNITIZATION AGREEMENT NAME**
6. NAME OF OPERATOR SUMMIT OPERATING, LLC	**7. OPERATOR PHONE** 801-657-5780
8. ADDRESS OF OPERATOR 1245 Brickyard Road, Suite 210, Salt Lake City, UT, 84106	**9. OPERATOR E-MAIL** david@summitcorp.net
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) Dalton et. al.	**11. MINERAL OWNERSHIP** FEDERAL ○ INDIAN ○ STATE ○ FEE ●
	12. SURFACE OWNERSHIP FEDERAL ○ INDIAN ○ STATE ○ FEE ●
13. NAME OF SURFACE OWNER (if box 12 = 'fee') Wagon Rod Ranch, LLC (Charlie Tracy, Representative)	**14. SURFACE OWNER PHONE (if box 12 = 'fee')** 435-587-2314
15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee') 748 Wagon Rod Lane, Monticello, UT 84535	**16. SURFACE OWNER E-MAIL (if box 12 = 'fee')**
17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')	**18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS** YES ○ (Submit Commingling Application) NO ●
	19. SLANT VERTICAL ● DIRECTIONAL ○ HORIZONTAL ○

20. LOCATION OF WELL	FOOTAGES	QTR-QTR	SECTION	TOWNSHIP	RANGE	MERIDIAN
LOCATION AT SURFACE	1472 FSL 2259 FEL	NWSE	14	36.0 S	24.0 E	S
Top of Uppermost Producing Zone	1472 FSL 2259 FEL	NWSE	14	36.0 S	24.0 E	S
At Total Depth	1472 FSL 2259 FEL	NWSE	14	36.0 S	24.0 E	S

21. COUNTY SAN JUAN	**22. DISTANCE TO NEAREST LEASE LINE (Feet)** 152	**23. NUMBER OF ACRES IN DRILLING UNIT** 40
	25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 3600	**26. PROPOSED DEPTH** MD: 4120 TVD: 4120
27. ELEVATION - GROUND LEVEL 5258	**28. BOND NUMBER** NZS633487	**29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE** Surface Owner (09-262), City of Monticello

Hole, Casing, and Cement Information

String	Hole Size	Casing Size	Length	Weight	Grade & Thread	Max Mud Wt.	Cement	Sacks	Yield	Weight
COND	17.5	13.375	0 - 40	48.0	H-40 ST&C	8.4	Unknown	50	1.15	15.8
SURF	11	8.625	0 - 1080	24.0	J-55 ST&C	9.0	35/65 Poz	160	2.09	12.3
							50/50 Poz	110	1.3	13.5
PROD	7.875	5.5	0 - 4120	17.0	J-55 LT&C	9.3	35/65 Poz	240	2.08	12.3
							50/50 Poz	105	1.3	13.5

ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES

☑ WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	☑ COMPLETE DRILLING PLAN
☑ AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)	☐ FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER
☐ DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)	☑ TOPOGRAPHICAL MAP

NAME Ellis Peterson	**TITLE** Sr Petroleum Engineer	**PHONE** 801 657-5780
SIGNATURE	**DATE** 06/03/2014	**EMAIL** ellis@summitcorp.net
API NUMBER ASSIGNED 43037500680000	**APPROVAL** Permit Manager	

RECEIVED: July 30, 2014

API Well Number: 43037500680000

SUMMIT OPERATING, LLC
1245 Brickyard Road, Suite 210 • Salt Lake City, Utah 84106
Phone: 801-657-5780 • Fax: 801-657-5781

APD DRILLING PLAN

Cactus Park 10-14-36-24
NW/4 SE/4 Section 14, Township 36 South, Range 24 East, S.L.B.&M.
San Juan County, Utah

Lease/Surface: Fee/Fee

Plan Summary:

This exploratory well will be drilled as a vertical bore hole in accordance with the following drilling plan. It will be drilled to a depth of 4120' to test the Honaker Trail formation.

The planned location is as follows:

Surface Hole Location: 1472' FSL, 2259' FEL, Section 14, T36S, R24E, S.L.B.&M.

Bottom Hole Location: Same as surface hole location

Conductor casing will be set at approximately 40 feet and cemented to surface. An 11" hole will be drilled to 1080' where 8-5/8" surface casing will be set and cemented to surface. After setting surface casing, a 7-7/8" hole will be drilled to 4120'. The well will be logged and 5-1/2" production casing will be set and cemented at TD or as required based on the presence of potentially commercial gas bearing intervals. If none of the perspective formations appear commercial, the well will be plugged for abandonment as directed by the Utah Division of Oil, Gas and Mining.

Drilling activities at this well are expected to commence as early as August 1, 2014 if necessary regulatory approvals are attained.

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Well Name: Cactus Park 10-14-36-24

Surface Location: 1472' FSL, 2259' FEL, NW/4 SE/4 Section 14, T36S, R24E, S.L.B.& M. San Juan County, Utah

TD Bottom-Hole Location: 1472' FSL, 2259' FEL, NW/4 SE/4 Section 14, T36S, R24E, S.L.B.& M. San Juan County, Utah

Elevations: 5258' (Est. Graded Elevation) 5268' (Est. KB)

I. Geology:

Tops of important geologic markers and anticipated water, oil, gas, and mineral content are as follows:

Formation	TVD Interval (KB)	MD Interval (KB)	Contents	Pressure Gradient
Entrada	10' - 198'	10' - 198'	W	0.34 psi/ft
Navajo	198' - 1058'	198' - 1058'	W	0.38 psi/ft
Chinle	1058' - 1686'	1058' - 1686'		
Shinarump	1686' - 1786'	1686' - 1786'		
Moenkopi	1786' - 2116'	1786' - 2116'		
Hermosa	2116' - 3728'	2116' - 3728'		
Honaker Trail	3728' - 4120'	3728' - 4120'	G/W	0.45 psi/ft
Horsehead S.S.	3928' - 3945'	3928' - 3945'	G/W	0.45 psi/ft
Total Depth	4120'	4120'		

II. Well Control:

No well control equipment is required for drilling hole for surface casing. Surface casing is being set through sandstone formations that based on records from nearby water wells are known to be under pressured and to contain fresh water. The surface casing is being set at the base of the fresh water bearing strata and before penetrating any potentially over-pressured formations so drilling fluids as proposed provide adequate well control. Fluid diversion at surface will be with a bell nipple and mud lines.

A 3M BOP system will be in place and tested prior to drilling out the surface casing shoe. A schematic diagram of the BOPE, including BOP diagram and choke manifold, is attached.

A. The BOPE will as a minimum include the following:

Wellhead Equipment (3M minimum):

BOPE Item	Flange Size and Rating
Annular Preventer	11" 3M
Double Ram (Pipe - top, Blind - bottom)	11" 3M
Drilling Spool w/ 2 side outlets (one 3" min. and one 2" min.)	11" 3M x 11 3M
Casing Head (9-5/8" SOW w/ two 2" LPO's)	11" 3M

Auxiliary Equipment (3M minimum):

BOPE Item
Choke Line (3" minimum) with 2 valves
Kill Line (2" minimum) with two valves and one check valve
2 Chokes with one remotely controlled at a location readily accessible to the driller
Upper and lower kelly cock valves with handles available
Safety valves to fit all drill string connections in use
Inside BOP or float sub
Pressure gauge on choke manifold
Fill-up line above the uppermost preventer
Wear bushing in casing head

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Note: All BOPE connections subjected to well pressures will be flanged, welded, or clamped.

B. **Choke manifold** will be functionally equipped and sized at a minimum as shown on the attached diagram. All chokes will be straight lines, or use tee blocks or be targeted with running tees if there are turns, and all choke lines will be anchored. All valves (except chokes) in the kill line choke manifold and choke line will be full opening and allow straight through flow. Pressure gauges will be designed for drilling fluid service.

C. **System accumulator** will have sufficient capacity to open the hydraulically-controlled gate valve and close all rams plus the annular preventer (3 ram system will have added 50 percent safety factor to compensate for any fluid loss in the control system or preventers) and retain a minimum pressure of 200 psi above pre-charge on the closing manifold without use of the closing unit pumps. The fluid reservoir capacity shall be double the usable fluid volume of the accumulator system capacity and the fluid level of the reservoir shall be maintained at the manufacturer's recommendations. The accumulator will have two (2) independent power sources available to close the preventers. Nitrogen bottles may be one of those sources, and if so, will have charge maintained per manufacturer's specifications.

D. **Accumulator pre-charge pressure test** will be conducted prior to connecting the closing unit to the BOP stack and at least once every 6 months. The accumulator pressure will be corrected if the measured precharge pressure is found to be above or below the maximum or minimum specified limits. Only nitrogen gas will be used to precharge.

E. **Power for the closing unit pumps** will be available to the unit at all times so that the pumps will automatically start when the closing valve manifold pressure has decreased to the pre-set level.

F. **Accumulator pump capacity** will be such that, with the accumulator system isolated from service, the pumps will be capable of opening the hydraulically-operated gate valve (if so equipped), plus closing the annular preventer on the smallest size drill pipe to be used within 2 minutes, and retaining a minimum of 200 psi above the specified accumulator pre-charge pressure.

G. **Locking devices**, either manual (i.e., hand wheels) or automatic, will be installed on the ram type preventers. A valve will be installed in the closing line as close as possible to the annular preventer to act as a locking device. This valve shall be maintained in the open position and shall be closed only when the power source for the accumulator system is inoperative.

H. **Remote controls** will be readily accessible to the driller and will be capable of both opening and closing all preventers. Master controls shall be at the accumulator and shall be capable of opening and closing all preventers and the choke line valve.

I. **Well control equipment testing** will be performed using clear water when the equipment is initially installed, whenever any seal subject to test pressure is broken, following related repairs, and as a minimum, every 30-day interval. The tests will apply to all related well control equipment.

Ram type preventers and associated equipment will be isolated and tested to 3000 psi. The annular preventer will be tested to 1500 psi. Pressure shall be maintained for at least 10 minutes or until requirements of test are met, whichever is longer, for all tests. A casing head valve will be open below the test plug during testing of the BOP stack. Valves will be tested from the working pressure side with all down-stream valves open. Kill line valves will be tested with the check valve held open or the ball removed.

Pipe and blind rams will be activated each trip, but not more than once a day. The annular preventers will be functionally operated at least weekly. A pit level drill will be conducted weekly for each crew. All BOPE drills and tests will be recorded in the IADC driller’s log.

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III. Casing and Cementing:

A. Casing Program (all new casing):

Hole Size	Casing Size	Weight	Grade	Connection	Coupling Diameter	Setting Depth
17.50”	13.375”+	48.0	H-40	STC	14.375“	0’ - 40’ GL
11.00”	8.625”	24.0	J-55	STC	9.625”	0’ - 1080’ KB
7.875”	5.500”	17.0	J-55	LTC	6.050”	0’ - 4120’ KB

	Surface		Production
Casing O. D. (in)	8.625		5.500
Casing Grade	J-55		J-55
Weight of Pipe (lbs/ft)	24.0		17.0
Connection	STC		LTC
Top Setting Depth - MD (ft)	0		0
Top Setting Depth - TVD (ft)	0		0
Bottom Setting Depth - MD (ft)	1080		4120
Bottom Setting Depth - TVD (ft)	1080		4120
Maximum Mud Weight - Inside (ppg)	9.0		9.0
Maximum Mud Weight - Outside (ppg)	9.0		9.0
Design Cement Top - TVD (ft)	0		1000
Design Cement Top - MD (ft)	0		1000
Max. Hydrostatic Inside w/ Dry Outside (psi)	505		1928
Casing Burst Rating (psi)	2950		5320
Burst Safety Factor (1.10 Minimum)	**5.84**		**2.76**
Max. Hydrostatic Outside w/ Dry Inside (psi)	505		1928
Collapse Rating	1370		4910
Collapse Safety Factor (1.125 Minimum)	**2.71**		**2.55**
Casing Weight in Air 1000 lbs	26		70
Body Yield 1000 lbs	381		273
Joint Strength 1000 lbs	244		247
Tension Safety Factor (1.70 Minimum)	**9.38**		**3.53**

Casing having same or greater burst, collapse, and tension rating may be substituted for any of the planned casing sizes depending on availability and actual conditions.

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B. Cementing Program

Casing Size	Cement Slurry	Quantity (sks)	Density (ppg)	Yield (ft^3/sk)
13.375”	Lead: Ready-mix or neat Class G	50	15.8	1.15
8.625”	Lead: Light Poz:Premium (35:65:8)	160	12.30	2.09
	Tail: Poz:Premium (50:50:2)	110	13.50	1.30
5.500”	Lead: Light Pox:Premium (35:65:8)	240	12.30	2.08
	Tail: Poz:Premium (50:50:2)	105	13.50	1.30

Surface Casing: 8-5/8” surface casing will be cemented from setting depth (1080’) to surface and topped out with premium cement if necessary. Slurry volume for cementing surface casing will be gauge hole volume plus 60%. Surface casing hardware will include a guide shoe, float collar, top plug, and a minimum of one centralizer per joint on the bottom three (3) casing joints. Water or other preflush fluid pumped ahead of the slurry will separate cement from the drilling fluids.

Production Casing: 5-1/2” production casing will be run and cemented in one stage from a setting depth of 4120’ to 1000’. A minimum of 20 percent silica will be added to the cement slurry if bottom-hole temperature exceeds 230 °F. Slurry volumes will be based on callipered hole size plus 15% excess. Hardware will include a guide shoe, float collar, top plug, and centralizers as needed across pay zones. The lead cement will be an extended Poz:Premium cement to cover from 3500’ to 1000’, and the tail cement will be 50:50 Poz:Premium cement to cover from 4120’ to 3500’. Water and preflush fluid pumped ahead of the slurry will separate cement from the drilling fluids.

Other: - UDOGM will be notified at least twenty-four hours prior to running and cementing the surface and production casing strings.

Actual cement slurries for all casing will be based on final service company recommendations.

The size, weight, grade, type of thread, number of joints, and footage of all casing run will be recorded in the driller’s log. The amount and type of all cement pumped will be recorded in the driller’s log.

Adequate time will be allowed before drilling out for the cement at the casing shoe to achieve a minimum 500-psi compressive strength.

All casing strings will be tested to 1500 psi before drilling out and if pressure declines by more than 10 percent in 30 minutes, corrective action will be taken.

A pressure integrity test of the casing shoe will be performed before drilling more than 20 feet of new hole below each casing string to a minimum of the mud weight equivalent anticipated for controlling the pore pressure to the next casing depth or at total depth of the well.

IV. Mud Program:

Depth	Mud Weight (ppg)	Mud Type	Viscosity	Fluid Loss
0 – 1080’	8.3 – 8.8	Water/Spud Mud	26 - 30	N/C
1080’ – 3600’	8.4 – 8.8	Water/LSND	27 - 45	N/C
3600’ – 4120’	8.8 – 9.3	LSND/Lightly Dispersed	34 - 45	6 – 10 cc

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A. After mudding up, slow pump rates will be taken daily and recorded in the driller's log.

B. Visual mud monitoring equipment will be in place to detect volume changes indicating loss or gain of circulating fluid volume.

C. Abnormal pressures are not anticipated. In the event such pressures are to be anticipated, electronic/mechanical mud monitoring equipment will be in place and include as a minimum, pit volume totalizer (PVT), stroke counter, and flow sensor.

D. A mud test will be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, filtrate, and pH.

E. A 10M BOPE system is not required for conditions on this well and use of the trip tank is not anticipated.

F. Gas detecting equipment will be installed in the mud return system, and hydrocarbon gas shall be monitored for pore pressure changes.

G. The need to vent combustible or noncombustible gas is not expected. If needed, a flare system designed to gather and burn all gas will be available. The flare line discharge will be located more than 100 feet from the well head and it will be positioned downwind of the prevailing wind direction. The flare line will have straight lines unless turns are targeted with running tees and it will be anchored. The flare system will have an effective method for ignition.

H. Abnormal pressure is not expected. If abnormal pressure is to be anticipated, a mud-gas separator (gas buster) will be installed and operable beginning at a point at least 500 feet above any anticipated hydrocarbon zone of interest.

V. Evaluation:

A. Mud Log: A mud logging unit will be in operation from surface casing depth to TD. Samples will be caught, cleaned, bagged, and marked as required.

B. Drill Stem Tests: No DST's are expected.

C. Coring: No whole cores are planned. Rotary side-wall cores may be taken at select intervals in conjunction with open-hole logging operations.

D. Wireline Logs: Wireline logs will be run as hole conditions allow from total depth to surface casing to assist in determining lithology and potential for hydrocarbon recovery. The logging tools will at a minimum survey resistivity, gamma radiation, and sonic velocity.

VI. Expected Bottom-Hole Pressure and Abnormal Conditions:

A. Hydrogen Sulfide: Hydrogen Sulfide (H_2S) gas has not been present in other wells in this area and is therefore not expected to be present in this well.

B. Pressure: No significantly abnormal pressures are expected to be encountered based on data from offset wells. The pressure gradient for formations below surface casing in this well is expected to be approximately 0.45 psi/ft.

C. Temperature: No abnormally high temperatures are expected. Bottom-hole temperature is expected to be approximately 120 °F.

End

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Well Site Location - Cactus Park 10-14-36-24

Summit Operating, LLC

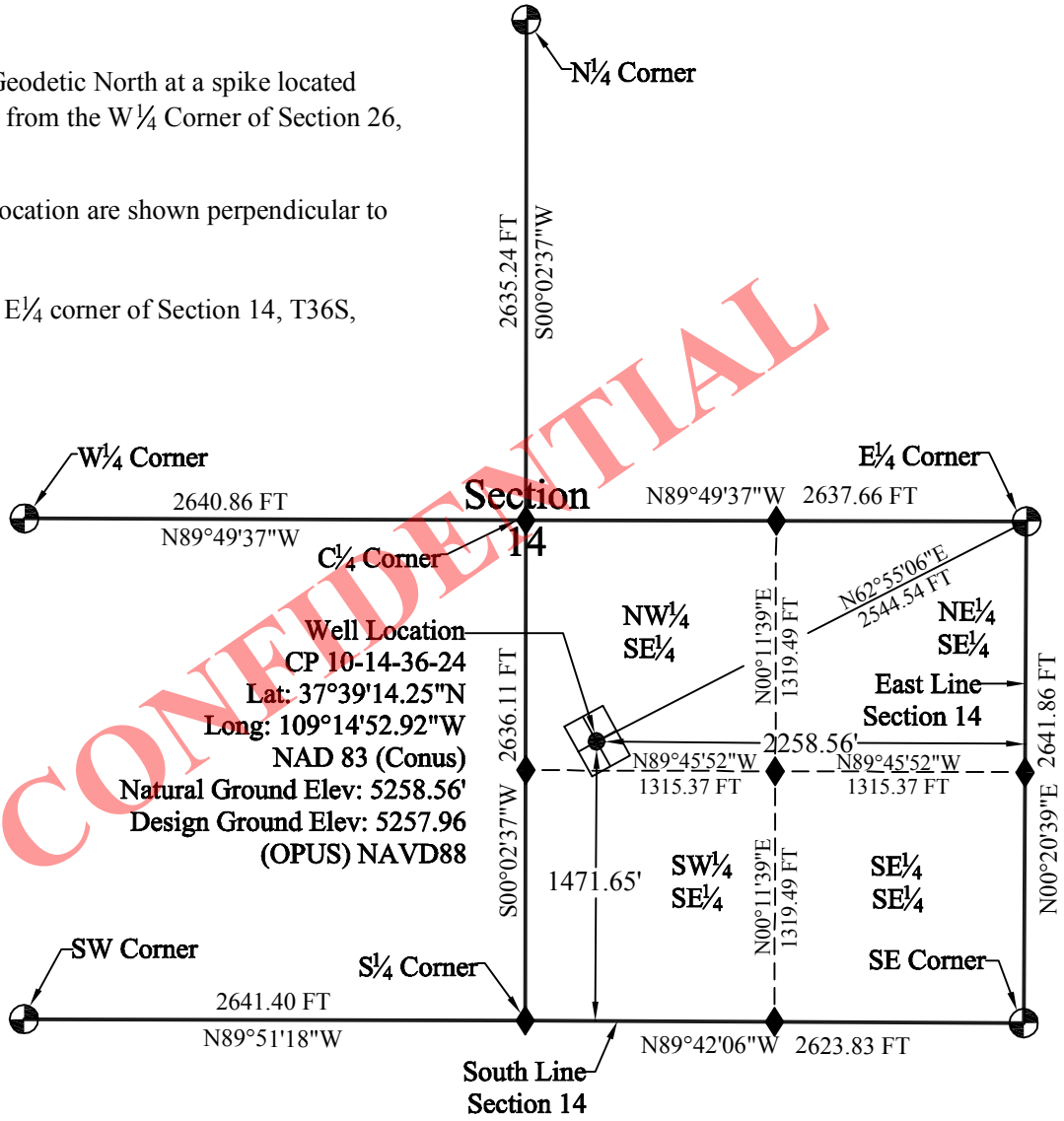
Within the W½ SE¼ of Section 14, T36S, R24E, SLB&M
San Juan County, Utah

Notes:

1. Basis of Bearings is Geodetic North at a spike located S71°33'28"E 698.38 feet from the W¼ Corner of Section 26, T36S, R24E, SLB&M.

2. Distances from well location are shown perpendicular to section lines

3. Direct tie shown is to E¼ corner of Section 14, T36S, R24E, SLB&M



PROFESSIONAL LAND SURVEYOR
BRAD D. BUNKER
4769309-2201
4-2-14
STATE OF UTAH

Legend

- Found 1918 G.L.O. brass cap
- Calculated corner location
- Section subdivision line
- Section line

500 0 500 1000 2000

Scale: 1" = 1000'

Surveyor's Certificate

I Brad D. Bunker, Professional Utah Land Surveyor, Number 4769309, hold a license in accordance with Title 58, Chapter 22, Professional Engineers and Land Surveyors Licensing Act as prescribed by the laws of the State of Utah. This survey has been completed under my direction for the well site shown hereon. I hereby certify all descriptions and measurements are correct.

Well Site Survey for **Summit Operating, LLC** Within the NW½ SE¼ of Section 14, T36S, R24E, SLB&M San Juan County, Utah	Bunker Engineering 965 S. South Creek Rd, Monticello, UT 84535 P.O. Box 432, Monticello, UT 84535 (435) 459-9152	Survey Reference No. BE591b Drawing Name: Well Site Location	Drawn by: B.D. Bunker Scale: 1" = 1000' Sheet 2 of 4

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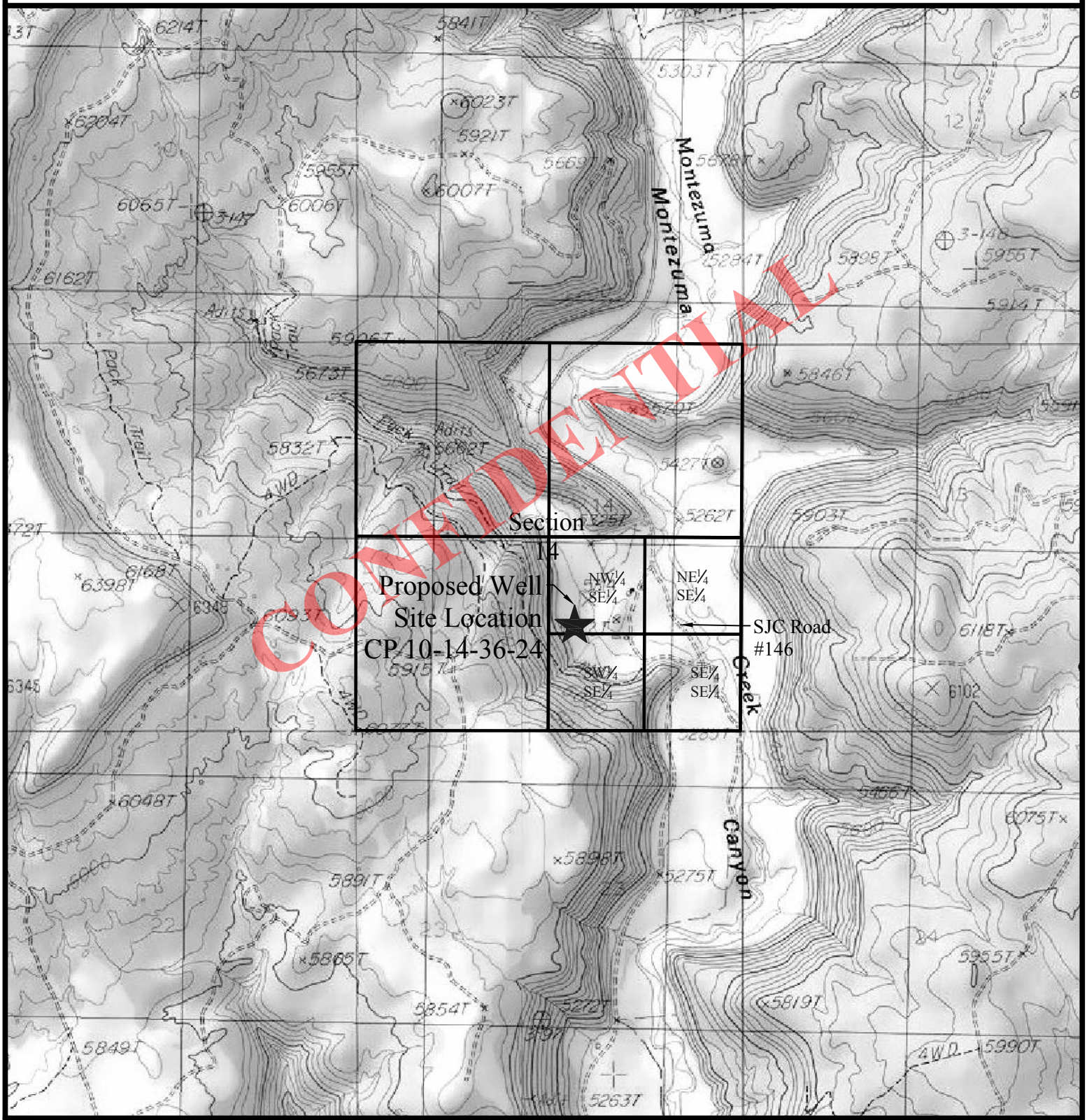
API Well Number: 43037500680000

Vicinity Map - Cactus Park 10-14-36-24

Summit Operating, LLC

Within the W½ SE¼ of Section 14, T36S, R24E, SLB&M
San Juan County, Utah

Source: USGS Quad Maps
"Horsehead Point" & "Devil Mesa"



Well Site Survey for
Summit Operating, LLC
Within the W½ SE¼ of Section 14, T36S, R24E, SLB&M
San Juan County, Utah

Bunker Engineering
965 S. South Creek Rd, Monticello, UT 84535
P.O. Box 432, Monticello, UT 84535
(435) 459-9152

Survey Reference No. BE591b

Drawn by: B.D. Bunker

Scale: Not to Scale

Drawing Name: Vicinity Map

Sheet 1 of 4

RECEIVED: June 03, 2014

API Well Number: 43037500680000

SUMMIT OPERATING, LLC

1245 E. Brickyard Road, #210
Salt Lake City, UT 84106
Phone: (801) 657-5780 · Fax (801) 277-0905

Larry R. Williams
Land Manager/Corporate Counsel
Mobile (801) 573-2110
Larry@SummitCorp.Net

May 30, 2014

AFFIDAVIT OF EXISTENCE
SURFACE USE AGREEMENT

Cactus Park 10-14-36-24 Well
Township 36 South, Range 24 East, SLM
Section 14: NWSE
San Juan County, Utah

TO WHOM IT MAY CONCERN:

I am the Land Manager for Summit Operating, LLC and responsible for the Company's contracts. Summit Operating, LLC has entered into and has a valid Surface Use Agreement with the owner of the surface of the lands upon which the above-captioned well will be drilled.

Sincerely,

Larry R. Williams
Land Manager /
Corporate Counsel

SUMMIT OPERATING, LLC
1245 Brickyard Road, Suite 210 • Salt Lake City, Utah 84106
Phone: 801-657-5780 • Fax: 801-657-5781

APD SURFACE USE PLAN

Cactus Park 10-14-36-24
NW-SE, Section 14, T36S, R24E
San Juan County, Utah

Mineral Lease: Fee
Surface Owner: Wagon Rod Ranch

Operator Contact Information:

Ellis Peterson
Summit Operating, LLC
1245 Brickyard Road, Suite 210
Salt Lake City, Utah 84106

Driving Directions to Well Site:

From intersection of Highways 491 and 191 in Monticello, Utah

Go south and southwest for 5 miles on Highway 191. Turn left (east) on Montezuma Canyon Road (CR 146) and continue east and south for approximately 16 miles to the access turnoff on west side of the road just past the farm house, metal building, and corrals. Turn right (west) onto access road and go about 0.4 miles to the well site.

or,

Go south and southwest for 12 miles on Highway 191. Turn left (southeast) on Alkali Point Road (CR 204) and continue southerly for 13.5 miles. Turn left and go east on Deadman Canyon Road (CR 2381) for about 2.5 miles and then go north and east for another 1.6 miles to Montezuma Canyon Road (CR 146). Turn left (north) on Montezuma Canyon Road (CR 146) and continue northerly approximately 8.3 miles to the access turnoff on west side of the road just before the corrals, metal building, and farm house. Turn right (west) onto access road and go about 0.4 miles to the well site.

From intersection of Main Street and Highway 191 in Blanding, Utah

Go north and northeast for 9 miles on North Grayson Parkway (Highway 191). Turn right (southeast) on Alkali Point Road (CR 204) and continue southerly for 13.5 miles. Turn left and go east on Deadman Canyon Road (CR 2381) for about 2.5 miles and then go north and east for another 1.6 miles to Montezuma Canyon Road (CR 146). Turn left (north) on Montezuma Canyon Road (CR 146) and continue northerly approximately 8.3 miles to the access turnoff on west side of the road just before the corrals, metal building, and farm house. Turn right (west) onto access road and go about 0.4 miles to the well site.

Access:

Existing roads will be used for access to this well and a 0.4-mile access road will be constructed to connect the well site to the existing Montezuma Canyon Road (San Juan County Road 146).

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San Juan County Road Department will be contacted as needed concerning the use of or construction affecting the County roads. Surface disturbance and access will be limited to the approved location and access road. The access spur will be constructed as necessary to allow safe access during drilling and completion operations.

Surface and Mineral Ownership:

The surface at the drill site is owned by Wagon Rod Ranch represented by Charlie Tracy of Monticello, Utah (435-587-2314). Minerals are owned by various members of the Dalton family who are descendents of the original Wagon Rod Ranch owner.

Approximately 412 feet of the planned pipeline and access route appears to be on Bureau of Land Management (BLM) surface so appropriate Rights-of-Way will be requested. The proposed access and pipeline is routed as planned to stay on the edge of the livestock feeding area for minimum impact to the ranching operation. If the BLM delays or does not grant the necessary Rights-of-Way, then the access route to the well will be relocated to avoid the BLM surface.

Staking and Onsite Inspection:

All surveying and staking was completed in April, 2014 and all maps and drawings reflecting the survey are being submitted with the APD package. A pre-drilling onsite inspection of the location will be conducted with representatives of UDOGM, Summit Operating, and Wagon Rod Ranch following submission of the APD package to UDOGM.

Wellsite Layout:

See attached drawings for depictions of the well pad, reserve pit, access onto pad, cross-section, cut and fill, and soil piles.

Water Supply:

Water for drilling and completion purposes will be purchased from the Wagon Rod Ranch. The water will be pumped from existing water wells under Water Right Number 09-262. Any other water used will be municipal water transported by truck from Monticello. The City of Monticello which has multiple water sources and rights (09-777, 09-881, 09-1029, 09-1278, 09-2190, 09-2009, 09-2136, et al) which are commingled.

Construction Materials:

All construction material for the location and access road will be borrow material accumulated during construction at the site or fill material acquired from the surface owner. Any additional required road gravel or pit lining material will be obtained from other private resources.

Top soil from the construction site will be stock piled for use during eventual reclamation on the north side of the drilling pad as shown on an attached plat. Excess spoils from the reserve pit and drilling pad construction will be stored either on the north side of the drilling pad or alternatively placed just east of the reserve pit.

Waste Handling:

A reserve pit will be constructed in cut as illustrated on the attached plats and cross-sections. This reserve pit will be lined with a minimum 12-mil liner and used to store water for drilling. It will also be used to hold non-flammable materials such as drill cuttings, salt, drilling fluids, stimulation and completion fluids, and chemicals. A fence surrounding three sides of the pit will be in place during drilling and completion operations, after which a fourth side will be added to enclose the pit. Produced water will be confined to the reserve pit or a temporary

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storage tank for a period of not more than 90 days after initial production. All produced water will be hauled to a commercial disposal site.

All trash will be contained in a trash cage and hauled away to an approved disposal site as necessary.

Ancillary Facilities:

The only planned ancillary facilities will be temporary trailers, garbage containers, and portable toilets which will be located on the pad site through drilling and completion operations.

Production Facility:

Final plans are not yet developed regarding production facilities. If the well is a producer, production facilities including two or three 400-Bbl tanks, a 3-phase separator, and a housed gas meter will be installed. If preferred by the surface owner and allowed by the appropriate regulatory agencies, this well may be produced to an offsite production facility serving one or more other wells. The flow line from the wellhead will be buried on the well location but otherwise left on surface where it will not hinder access or pose unacceptable safety concerns.

Reclamation:

The reserve pit will be closed after materials in the pit have sufficiently dried. To permanently close the pit, the sides of the pit liner will be cut and folded over the pit contents and then buried with the native material originally dug to create the pit. The pit will be closed within 12 months following drilling and completion of the well. If necessary to allow timely closure of the pit, pit fluids will be pumped off and properly disposed and the remaining pit contents may be treated with solidifier.

If the well should prove unproductive or upon final abandonment, all disturbed areas will be subject to final reclamation. Final reclamation will include the following:

- Removal of gravel or stone that may have been hauled in to surface the road or pad
- Reserving any topsoil that was spread during interim reclamation
- Recontouring all disturbed areas to the original contour or a contour that blends with the surrounding topography
- Spreading reserved topsoil over all disturbed areas
- Seeding all disturbed areas with a seed mix acceptable to the surface owner

Cultural Resources:

This well will be located on fee surface in an area used for ranching operations. There are no plans to conduct a cultural resource inventory. In the unlikely event that cultural resources are encountered during construction activities, work will be suspended pending evaluation of the discovery and permission to proceed by proper authority.

Paleontological Resources:

No paleontological survey is required or planned.

End

RECEIVED: June 03, 2014

API Well Number: 43037500680000

SUMMIT OPERATING, LLC
1245 Brickyard Road, Suite 210 • Salt Lake City, Utah 84106
Phone: 801-657-5780 • Fax: 801-657-5781

Application for Exception to Location and Siting of Wells

Cactus Park 10-14-36-24
NW-SE, Section 14, T36S, R24E
San Juan County, Utah

An application for permit to drill the Cactus Park 10-14-36-24 well has been submitted by Summit Operating, LLC and it is requested that an exception to the locating and siting requirements of R649-3-2 be granted for this well.

1.1 Please accept this document and accompanying attachments as the written application requesting the exception location.

1.2 Please accept two attached letters, one from each owner as defined under R649-1-1and within a 460-foot radius of the proposed well location. Both owners give consent for the exception well location.

1.3 The board has issued no order establishing oil or gas well drilling units for this location.

3. This request for exception location is being made to allow the subject well to be located away from a residence, to reduce interference with surface use, and minimize surface disturbance.

3.1 The accompanying plat shows the location where a well could be drilled in compliance to R649-3-2. The compliant locations are depicted on the plat as 400’ x 400’ squares in the centers of quarter-quarter tracts.

3.2 The requested location for drilling the subject well is shown on the provided plat. It is shown on the plat as a circle surrounded by the red 460-foot radius circle.

3.3 Locations where wells could be drilled in compliance with R649-3-2, directly or diagonally offsetting the proposed exception location, are shown on the plat. No wells have been drilled or are planned to be drilled on these locations.

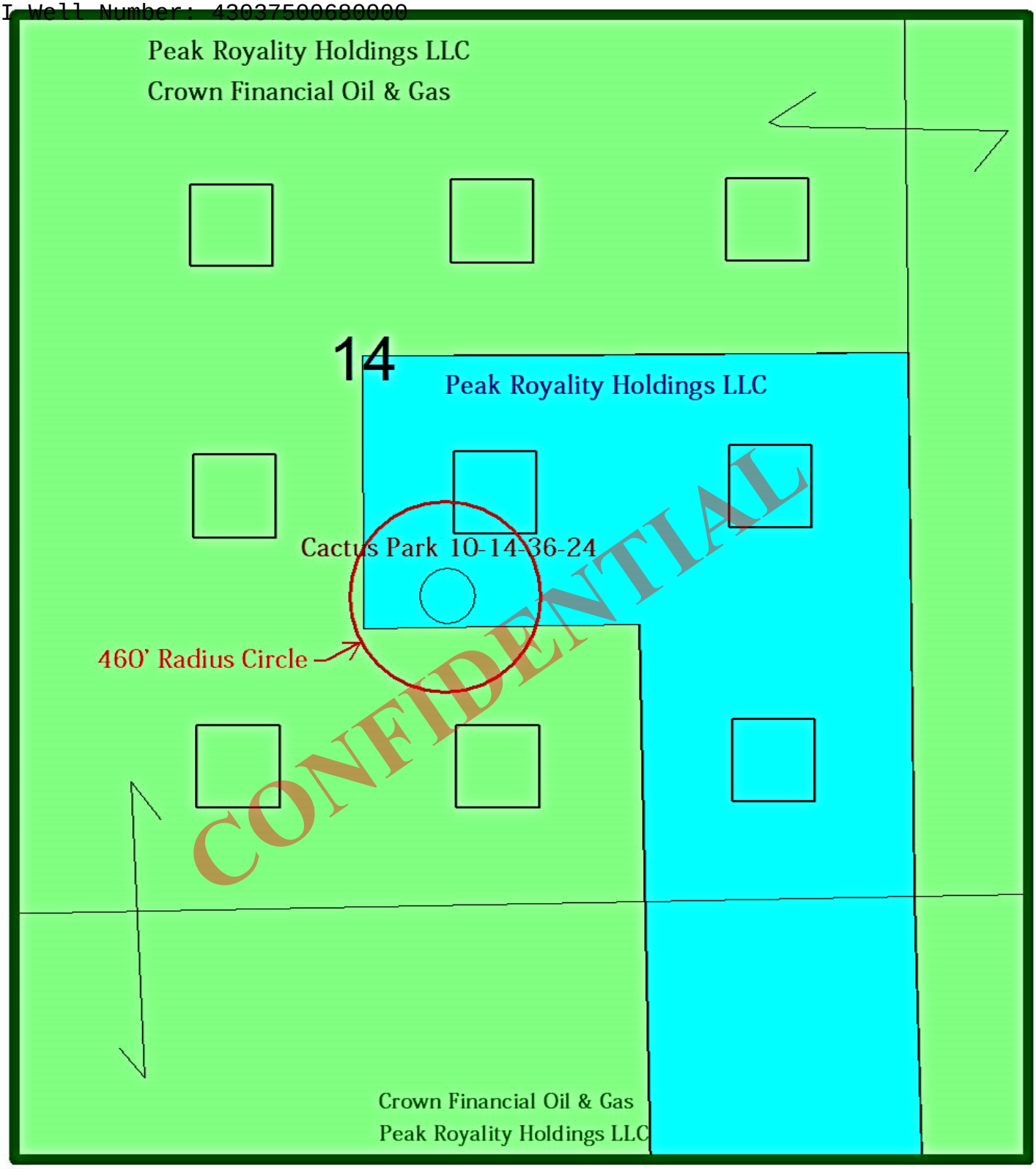
3.4 The names of owners within a 460-foot radius of the proposed well location are included on the attached plat.

This application was prepared and submitted by:

Ellis Peterson
Senior Petroleum Engineer
Summit Operating, LLC

RECEIVED: July 09, 2014

API Well Number: 43037500680000



Scale 1" = 750'

Summit Operating LLC

Cactus Park 10-14-36-24

San Juan County, Utah

June 11, 2014

Re: Exception to Location and Siting of Wells
Cactus Park 10-14-36-24
Township 36 South, Range 24 East, SLM
Section 14: NWSE
San Juan County, Utah

To whom it may concern:

Crown Financial Oil & Gas, LLC, as an owner within a 460-foot radius of the proposed Cactus Park 10-14-36-24 well, does hereby provide written consent for the well to be located as an exception to the requirements of R649-3-2.

Sincerely,

Richard D Tribe

Crown Financial Oil & Gas, LLC

Name: Richard D. Tribe

Title: Manager

API Well Number: 43037500680000

PEAK ROYALTY HOLDINGS, LLC

1245 E. Brickyard Road, #210
Salt Lake City, UT 84106
Phone: (801) 657-5780 · Fax (801) 277-0905

Larry R. Williams
Land Manager/Corporate Counsel
Mobile (801) 573-2110
Larry@SummitCorp.Net

July 8, 2014

To whom it may concern:

Re: Exception to Location and Siting of Wells
Cactus Park 10-14-36-24
Township 36 South, Range 24 East, SLM
Section 14: NWSE
San Juan County, Utah

To whom it may concern:

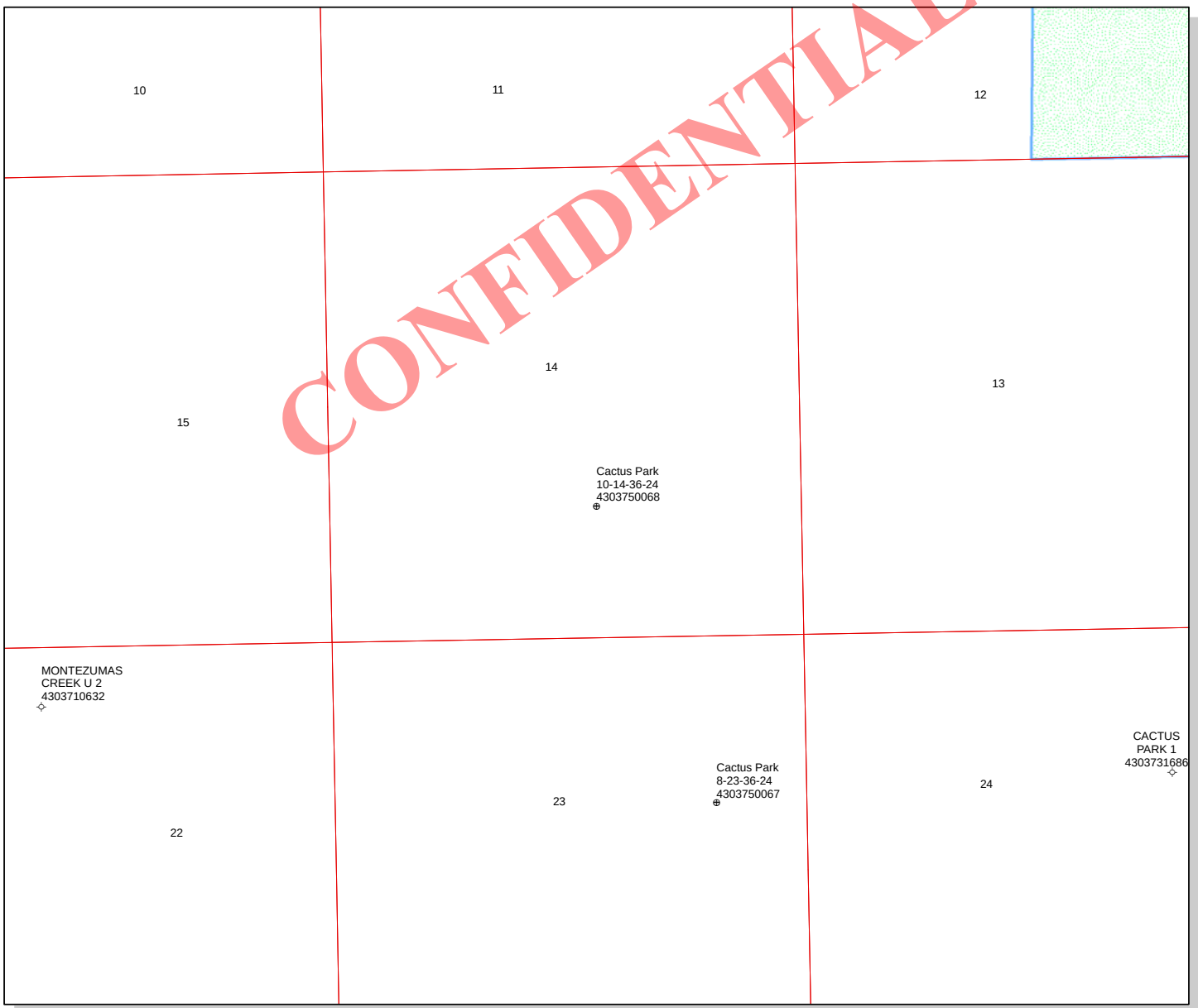
Peak Royalty Holdings, LLC, as an owner within a 460-foot radius of the proposed Cactus Park 10-14-36-24 well, does hereby provide written consent for the well to be located as an exception to the requirements of R649-3-2.

Sincerely,
Peak Royalty Holdings, LLC

Larry R Williams
Land Manager /
Corporate Counsel

RECEIVED: July 09, 2014

API Well Number: 43037500680000



API Number: 4303750068

Well Name: Cactus Park 10-14-36-24

Township: T36.0S Range: R24.0E Section: 14 Meridian: S

Operator: SUMMIT OPERATING, LLC

Map Prepared: 6/6/2014
Map Produced by Diana Mason

Wells Query

Status

- APD - Aproved Permit
- DRL - Spuded (Drilling Commenced)
- GIW - Gas Injection
- GS - Gas Storage
- LOC - New Location
- OPS - Operation Suspended
- PA - Plugged Abandoned
- PGW - Producing Gas Well
- POW - Producing Oil Well
- SGW - Shut-in Gas Well
- SOW - Shut-in Oil Well
- TA - Temp. Abandoned
- TW - Test Well
- WDW - Water Disposal
- WIW - Water Injection Well
- WSW - Water Supply Well

Units

STATUS

- ACTIVE
- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Fields

STATUS

- Unknown
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- STORAGE
- TERMINATED

1,400 700 0 1,400 Feet

1:13,814

RECEIVED: June 06, 2014

API Well Number: 43037500680000

BOPE REVIEW SUMMIT OPERATING, LLC Cactus Park 10-14-36-24 43037500680000

Well Name	SUMMIT OPERATING, LLC Cactus Park 10-14-36-24 4303750068000			
String	COND	SURF	PROD	
Casing Size(")	13.375	8.625	5.500	
Setting Depth (TVD)	40	1130	4120	
Previous Shoe Setting Depth (TVD)	0	40	1130	
Max Mud Weight (ppg)	8.4	9.0	9.0	
BOPE Proposed (psi)	0	0	3000	
Casing Internal Yield (psi)	1000	2950	5320	
Operators Max Anticipated Pressure (psi)	1928		9.0	

Calculations	COND String	13.375	"	
Max BHP (psi)	.052*Setting Depth*MW=	17		
			BOPE Adequate For Drilling And Setting Casing at Depth?	
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	12	NO	
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	8	NO	
			*Can Full Expected Pressure Be Held At Previous Shoe?	
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	8	NO	
Required Casing/BOPE Test Pressure=		0	psi	
*Max Pressure Allowed @ Previous Casing Shoe=		0	psi *Assumes 1psi/ft frac gradient	

Calculations	SURF String	8.625	"	
Max BHP (psi)	.052*Setting Depth*MW=	529		
			BOPE Adequate For Drilling And Setting Casing at Depth?	
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	393	NO	
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	280	NO	No expected pressure
			*Can Full Expected Pressure Be Held At Previous Shoe?	
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	289	NO	
Required Casing/BOPE Test Pressure=		1130	psi	
*Max Pressure Allowed @ Previous Casing Shoe=		40	psi *Assumes 1psi/ft frac gradient	

Calculations	PROD String	5.500	"	
Max BHP (psi)	.052*Setting Depth*MW=	1928		
			BOPE Adequate For Drilling And Setting Casing at Depth?	
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	1434	YES	3M BOP, annular preventer, dbl rams, kill & choke
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	1022	YES	lines
			*Can Full Expected Pressure Be Held At Previous Shoe?	
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	1270	NO	OK
Required Casing/BOPE Test Pressure=		3000	psi	
*Max Pressure Allowed @ Previous Casing Shoe=		1130	psi *Assumes 1psi/ft frac gradient	

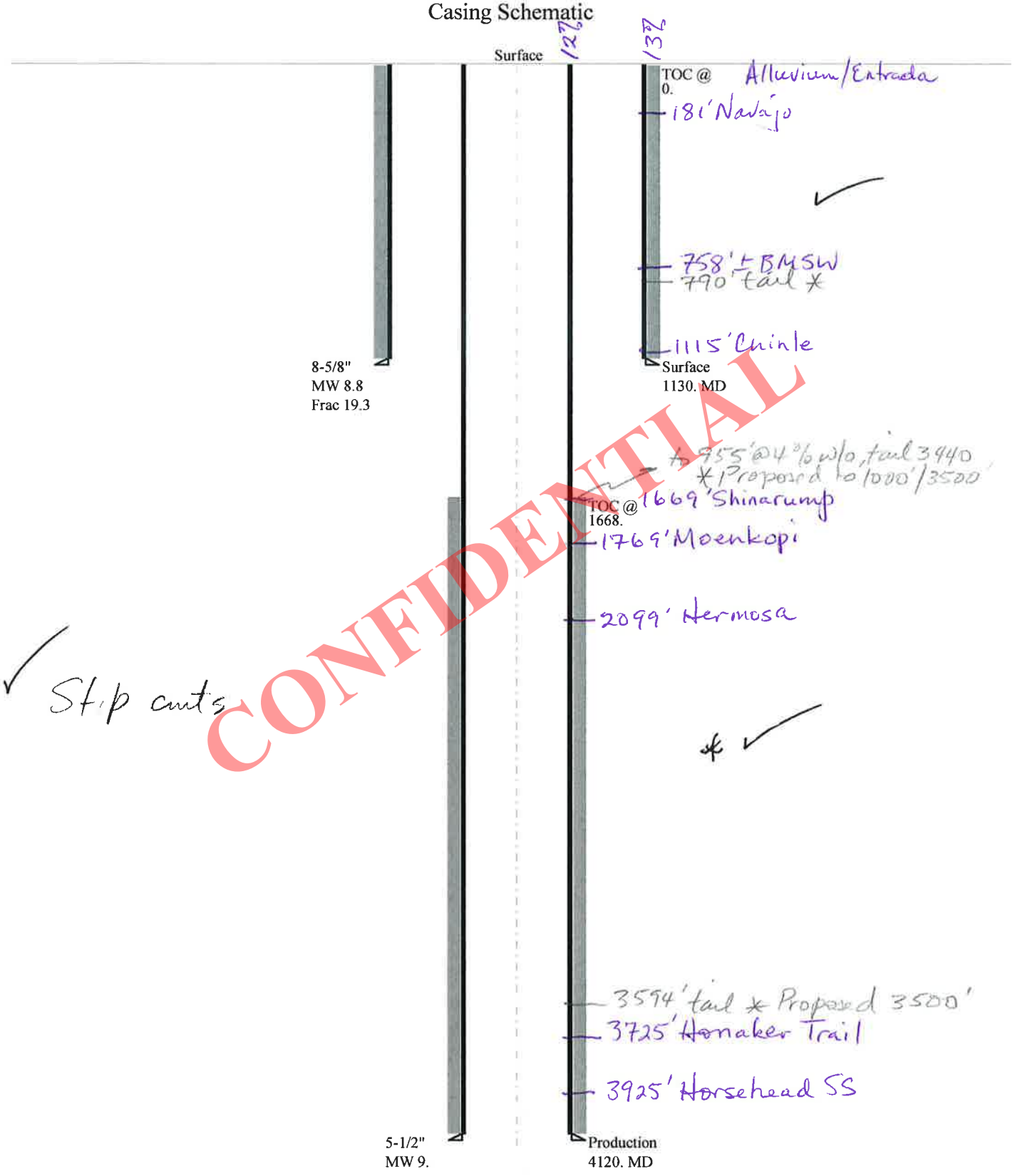
Calculations	String		"	
Max BHP (psi)	.052*Setting Depth*MW=			
			BOPE Adequate For Drilling And Setting Casing at Depth?	
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=		NO	
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=		NO	
			*Can Full Expected Pressure Be Held At Previous Shoe?	
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=		NO	
Required Casing/BOPE Test Pressure=			psi	
*Max Pressure Allowed @ Previous Casing Shoe=			psi *Assumes 1psi/ft frac gradient	

RECEIVED: July 29, 2014

API Well Number: 43037500680000

43037500680000 Cactus Park 10-14-36-24

Casing Schematic



API Well Number: 43037500680000

Well name:	**43037500680000 Cactus Park 10-14-36-24**
Operator:	**SOUTHWESTERN ENERGY PROD CO**
String type:	Surface
Project ID:	43-037-50068
Location:	UINTAH COUNTY

Design parameters:

Collapse
Mud weight: 8.800 ppg
Design is based on evacuated pipe.

Burst
Max anticipated surface pressure: 994 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 1,130 psi
Annular backup: 1.00 ppg

Minimum design factors:

Collapse:
Design factor 1.125

Burst:
Design factor 1.00

Tension:
8 Round STC: 1.80 (J)
8 Round LTC: 1.70 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.
Neutral point: 981 ft

Environment:
H2S considered? No
Surface temperature: 74 °F
Bottom hole temperature: 90 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 100 ft

Cement top: Surface

Non-directional string.

Re subsequent strings:
Next setting depth: 4,120 ft
Next mud weight: 9.000 ppg
Next setting BHP: 1,926 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 1,130 ft
Injection pressure: 1,130 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ($)
1	1130	8.625	24.00	J-55	ST&C	1130	1130	7.972	5817

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	517	1370	2.652	1071	2950	2.75	23.5	244	10.37 J

Prepared by: Helen Sadik-Macdonald
Div of Oil,Gas & Mining
Phone: 801 538-5357
FAX: 801-359-3940
Date: July 23,2014
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 1130 ft, a mud weight of 8.8 ppg The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	**43037500680000 Cactus Park 10-14-36-24**
Operator:	**SOUTHWESTERN ENERGY PROD CO**
String type:	Production
Project ID:	43-037-50068
Location:	UINTAH COUNTY

Design parameters:

Collapse
Mud weight: 9.000 ppg
Design is based on evacuated pipe.

Burst
Max anticipated surface pressure: 1,020 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 1,926 psi

No backup mud specified.

Minimum design factors:

Collapse:
Design factor 1.125

Burst:
Design factor 1.00

Tension:
8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.60 (B)

Tension is based on air weight.
Neutral point: 3,558 ft

Environment:
H2S considered? No
Surface temperature: 74 °F
Bottom hole temperature: 132 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,000 ft

Cement top: 1,668 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost ($)
1	4120	5.5	17.00	J-55	LT&C	4120	4120	4.767	15962

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	1926	4910	2.549	1926	5320	2.76	70	247	3.53 J

Prepared by: Helen Sadik-Macdonald
Div of Oil,Gas & Mining
Phone: 801 538-5357
FAX: 801-359-3940
Date: July 23,2014
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 4120 ft, a mud weight of 9 ppg The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

ON-SITE PREDRILL EVALUATION
Utah Division of Oil, Gas and Mining

Operator	SUMMIT OPERATING, LLC							
Well Name	Cactus Park 10-14-36-24							
API Number	43037500680000	**APD No**	9806	**Field/Unit**	WILDCAT			
Location: 1/4,1/4	NWSE	**Sec** 14	**Tw** 36.0S	**Rng** 24.0E	1472 FSL	2259 FEL		
GPS Coord (UTM)		**Surface Owner**	Wagon Rod Ranch, LLC (Charlie Tracy, Representative)					

Participants

Bart Kettle-DOGM, Monty Dalton-surface/minerals, Charlie Tracy-surface, Ellis Peterson-Summit Operating, LLC, Chris Pell-Summit Operating, LLC, Larry Williams-Summit Operating, LLC.

Regional/Local Setting & Topography

The proposed project is located ~16 miles south of Monticello in San Juan County Utah. Locally the proposed project is located in the bottom of Montezuma Canyon on the edge of agriculture lands used to grow hay and pasture. Regionally the project area is within the Colorado Plateau in the Four corners area on what is commonly referred to has the Canyon Lands Region. The Four Corners area is know for it Native American ruins and culture. The Canyon Lands Region is distinguished by is broad mesas cut by spectacular sandstone and shale canyons. Climate in this region tends to be arid, with a sparsely vegetated landscape prone to erosion. Topography rises sharply to the west reaching elevations in excess of 11,000 atop the Abaho Mountains. Montane forest, high elevation grass/forb and mountain browse communities dominate vegetation. To the east a series of mesas rise to the Rico Mountains in western Colorado. Vegetation is a mixture of salt desert scrub, Pinion/Juniper and montane forest. Precipitation at the project site is considered a 10-12" zone. Drainage flows into Montezuma Creek within a 1/4 mile and onto the San Juan River 45 miles away.

Surface Use Plan

Current Surface Use
Grazing
Agricultural
Recreational
Wildlfe Habitat
Residential

New Road Miles	Well Pad	Src Const Material	Surface Formation
0.6	**Width** 200 **Length** 300	Onsite	ALLU

Ancillary Facilities N

Produced fluids shall not be disposed of in the reserve pit as described under Waste Handling in APD.

Waste Management Plan Adequate? N

Environmental Parameters

Affected Floodplains and/or Wetlands N

RECEIVED: July 30, 2014

Flora / Fauna

Flora-Holding pen for livestock operations
Trees: None
Shrubs: None noted
Grass: None noted
Forbs: Russian thistle, tumble mustard, rocky mountain bee plant.
Others: Prickly pear cactus spp.

Fauna: Rocky mountain elk, mule deer, mountain lion, black bear, coyote, kit fox, gray fox, badger, cotton tail rabbit, black tailed jack rabbit, spotted skunk and Rio Grand turkeys. Host of small rodents and reptiles possible such as: woodrat spp, kangaroo rat spp., deer mouse, pinion mouse, rock squirrel, and antelope squirrel.. Seasonal use by migrating birds such as sage sparrow, cassin finch, house finch, pinion jay, white crowned sparrow, gray crowned rosy finch, blue gray knat catcher, Bewick's wren, black throated sparrow, black capped chickadee, Brewers sparrow, bushtit, western kingbird, chipping sparrow, common nighthawk, Coppers hawk, sharp shin hawk, red tailed hawk, ruff legged hawk, golden eagle, bald eagle turkey vulture, Downey wood pecker, juniper titmouse, northern shrike, mountain bluebird, mourning dove, pine siskin, sage thrasher, western blue bird, and western meadow lark.

Soil Type and Characteristics

Suwanee silt loam-reddish brown fine textured loams with moderate organic materials noted.

Erosion Issues Y

Soils prone to wind erosion once disturbed.

Sedimentation Issues N

Surrounding hay field is likely to capture sedimentation, preventing significant sedimentation into Montezuma Creek.

Site Stability Issues N

Drainage Diverson Required? Y

Ephemeral drainage shall be prevented from entering well pad.

Berm Required? Y

Well pad should be bermed to prevent fluids from entering or leavening project area.

Erosion Sedimentation Control Required? Y

Top soils shall be seeded immediately following well pad construction.

Paleo Survey Run? **Paleo Potental Observed?** **Cultural Survey Run?** **Cultural Resources?**

Reserve Pit

Site-Specific Factors		Site Ranking
Distance to Groundwater (feet)	25 to 75	15
Distance to Surface Water (feet)	200 to 300	10
Dist. Nearest Municipal Well (ft)		20

RECEIVED: July 30, 2014

API Well Number: 43037500680000

Distance to Other Wells (feet)	>1320	0	
Native Soil Type	Mod permeability	10	
Fluid Type	TDS>5000 and	10	
Drill Cuttings	Normal Rock	0	
Annual Precipitation (inches)	10 to 20	5	
Affected Populations			
Presence Nearby Utility Conduits	Not Present	0	
	Final Score	70	1 Sensitivity Level

Characteristics / Requirements

As proposed a 70'x130x12' reserve pit will be built. Given that the proposed project site is adjacent to agriculture lands, shallow ground water is known to occur within 70' of surface, and the site may serve as a recharge point for the Entrada sandstone the following requirements shall apply to reserve pit:

1.) Reserve pit shall be used to contain fresh water used for drilling, drilling mud and drilling cuttings.

2.) No volume of produced water or frac flow back fluids should be allowed into reserve pit.

3.) Reserve pit shall be sampled immediately following drilling rig reaching TD for TDS of fluids.

4.) Within 21 days of drilling rig reaching TD solids contained by pit shall be sampled for Electrical Conductivity (EC), Sodium Absorption Ration (SAR), Exchangeable sodium percentage (ESP) and Total Petroleum Hydrocarbon (TPH).

5.) Within 45 days a Plan of Action for management of reserve pit contents shall be submitted to the Division for review.

Closed Loop Mud Required? N **Liner Required?** Y **Liner Thickness** 20 **Pit Underlayment Required?** Y

Other Observations / Comments

San Juan County road encroachment will be necessary for Montezuma Canyon Road-SJC Road 146.

Culvert sufficient to handle irrigation water flows will be required for ditch crossing. It appears 24" culverts have been used in other locations. Culvert should be long enough to allow truck traffic to make 90 degree turn off of SJC Road 146 onto access road.

Any irrigation ditch realignment shall meet surface owner requirements.

Management of produced fluids/gas is proposed to utilize a central battery. Facilities remaining at the proposed project site include a well head, flow line, anchors and a surfaced road to the well. Central production facilities are proposed on surface owned by Wagon Rod Ranch 4400' south of proposed project site adjacent to SJC Road 146 on the west side.

Water used for drilling program will be purchased from Wagon Rod Ranch. Water will be pumped from shallow water well and placed in 3" poly line for transport to project site.

RECEIVED: July 30, 2014

Well pad shall be bermed with a minimum of 18" berms that shall be maintained at all times. All tanks, vessels, pits or other items containing fluids on location shall have 18" berms constructed and maintained around them at all times.

Bart Kettle	7/1/2014
Evaluator	**Date / Time**

RECEIVED: July 30, 2014

Application for Permit to Drill
Statement of Basis
Utah Division of Oil, Gas and Mining

APD No	API WellNo	Status	Well Type	Surf Owner	CBM
9806	43037500680000	LOCKED	GW	P	No
Operator	SUMMIT OPERATING, LLC		**Surface Owner-APD**	Wagon Rod Ranch, LLC (Charlie Tracy, Representative)	
Well Name	Cactus Park 10-14-36-24		**Unit**		
Field	WILDCAT		**Type of Work**	DRILL	
Location	NWSE 14 36S 24E S 1472 FSL 2259 FEL GPS Coord (UTM) 654536E 4168868N				

Geologic Statement of Basis

Summit Operating, LLC proposes to drill the well to a total depth of 4,120' and plans to set surface casing from 0'-1,130'. The surface string will be drilled using a water based mud/spud mud. Within a one-mile radius there are four underground water rights; the water wells range from 46' to 275' deep, with water as shallow as 39' below the ground surface. The base of the moderately saline groundwater is approximately 758' below the ground surface, based on DNR Technical Publication #94. Several units of the Glen Canyon Group, particularly the Navajo Sandstone, are present within the subsurface; these strata are likely to contain useable groundwater and are within the interval to be protected by the surface casing string. The surface casing will need to be set in the top of the Chinle Formation and the operator should be aware of the likelihood of these and other units being water saturated and to respond to protecting these zones by extending the surface casing as necessary. Proposed surface casing and cement should adequately isolate any shallow zones containing water.

Ammon McDonald	7/14/2014
APD Evaluator	**Date / Time**

Surface Statement of Basis

Surface Evaluation completed July 1, 2014. In attendance: Bart Kettle-DOGM, Monty Dalton-surface/minerals, Charlie Tracy-surface, Ellis Peterson-Summit Operating, LLC, Chris Pell-Summit Operating, LLC, Larry Williams-Summit Operating, LLC.

As proposed well will be drilled using a reserve pit and a water based mud drilling system. Proposed project site is located adjecent to Wagon Rod Ranch head quarters and agriculture fields used to produce hay and pasture as part of a beef cow/calf operation. Soils at the project site are deep loams. Known fresh water aquifers exist within 70' of surface and project site may function as a recharge site for shallow aquifers. Record of multiple fresh water wells within close proximity of the project area exist. Montezuma Creek is located within 1400' and irrigation water ditichs are located within 350'.

All E&P materials, including drill cuttings, shall be contained in steel tanks or an approved pit containing a synthetic liner until it can be demonstrated such materials meet DOGM stands for abandonment: Electrical Conductivity
Suitable soils shall be salvaged for interim reclamation. Top soil and rock should be kept separate in construction. Soils containing rock fragments should not be salvaged.

RECEIVED: July 30, 2014

San Juan County road encroachment permit shall be secured for Montezuma Canyon Road-SJC Road 146. Culvert sufficient to handle irrigation water flows will be required for irrigation ditch and waste water crossing. Culvert should be long enough to allow truck traffic to make 90 degree turn off of SJC Road 146 onto access road.

If required irrigation water ditch realignment shall meet surface owner requirements.

Well pad shall be bermed with a minimum of 18" berms that shall be maintained at all times. All tanks, vessels, pits or other items containing fluids on location shall be placed on 20 mil synthetic liner and surrounded by 18" berms maintained at all times.

Reserve pit approval is for fresh water used for drilling, drilling mud and drilling cuttings. Reserve pit is not authorized to contain produced water or frac flow back fluids. Reserve pit contents shall be sampled following drilling activity to assure contents do not present a threat to shallow fresh water resources or surrounding soil fertility.

Wagon Rod Ranch has expressed desire that all vehicle and foot traffic remain precisely on approved access road and well pad. Property owned by Wagon Rod Ranch should not be explored, handled, used or otherwise visited by employees of Summit Operating, service providers and contractors. Signs should be posted at the intersection of SJC Road 146 and project access road relaying Wagon Rod Ranch's wishes.

Bart Kettle	7/1/2014
Onsite Evaluator	**Date / Time**

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	Reserve pit shall be used to contain only fresh water used for drilling, drilling mud and drilling cuttings.
Pits	A synthetic liner with a minimum thickness of 20 mils shall be properly installed and maintained in the reserve pit.
Pits	No volume of produced water or frac flow back fluids should be allowed into reserve pit.
Pits	Reserve pit contents shall be removed from project site and disposed of in an authorized disposal facility within 60 days following completion of drilling.
Surface	All E&P materials, including drill cuttings, shall be contained in steel tanks or an approved pit..
Surface	Suitable top soil shall be salvaged.
Surface	Interim reclamation shall be completed within 12 months following well pad construction.
Surface	The well site shall be bermed with a minimum of 18" berms to prevent fluids from entering or leaving the pad.
Surface	Fresh water shall be applied to access road and well pad to control dust.
Surface	Tanks containing fuel, chemicals or produced fluids shall be bermed and placed on a 20 mil string reinforced geomembrane.
Surface	Culvert shall be installed at irrigation ditch crossings sufficient to handle irrigation water flows and according to San Juan County Roads department specifications.

RECEIVED: July 30, 2014

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 6/3/2014
API NO. ASSIGNED: 43037500680000
WELL NAME: Cactus Park 10-14-36-24
OPERATOR: SUMMIT OPERATING, LLC (N2315)
PHONE NUMBER: 801 657-5780
CONTACT: Ellis Peterson

PROPOSED LOCATION: NWSE 14 360S 240E
Permit Tech Review: ☑

SURFACE: 1472 FSL 2259 FEL
Engineering Review: ☑

BOTTOM: 1472 FSL 2259 FEL
Geology Review: ☑

COUNTY: SAN JUAN
LATITUDE: 37.65398
LONGITUDE: -109.24813
UTM SURF EASTINGS: 654536.00
NORTHINGS: 4168868.00
FIELD NAME: WILDCAT
LEASE TYPE: 4 - Fee
LEASE NUMBER: Dalton et. al.
PROPOSED PRODUCING FORMATION(S): HONAKER TRAIL
SURFACE OWNER: 4 - Fee
COALBED METHANE: NO

RECEIVED AND/OR REVIEWED:

- ☑ **PLAT**
- ☑ **Bond:** STATE - NZS633487
- ☐ **Potash**
- ☐ **Oil Shale 190-5**
- ☐ **Oil Shale 190-3**
- ☐ **Oil Shale 190-13**
- ☑ **Water Permit:** Surface Owner (09-262), City of Monticello
- ☑ **RDCC Review:** 2014-07-30 00:00:00.0
- ☑ **Fee Surface Agreement**
- ☐ **Intent to Commingle**

Commingling Approved

LOCATION AND SITING:

- ☐ **R649-2-3.**

Unit:

- ☐ **R649-3-2. General**
- ☑ **R649-3-3. Exception**
- ☑ **Drilling Unit**

Board Cause No: R649-3-3
Effective Date:
Siting:

- ☐ **R649-3-11. Directional Drill**

Comments: Presite Completed

Stipulations:
1 - Exception Location - dmason
5 - Statement of Basis - bhill
12 - Cement Volume (3) - hmacdonald
21 - RDCC - dmason
23 - Spacing - dmason
25 - Surface Casing - hmacdonald

RECEIVED: July 30, 2014

GARY R. HERBERT
Governor
SPENCER J. COX
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
MICHAEL R. STYLER
Executive Director
Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

Permit To Drill
****

Well Name: Cactus Park 10-14-36-24
API Well Number: 43037500680000
Lease Number: Dalton et. al.
Surface Owner: FEE (PRIVATE)
Approval Date: 7/30/2014

Issued to:
SUMMIT OPERATING, LLC, 1245 Brickyard Road, Suite 210, Salt Lake City, UT 84106

Authority:
Pursuant to Utah Code Ann. 40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of R649-3-3. The expected producing formation or pool is the HONAKER TRAIL Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

Duration:
This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date

Exception Location:
Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

General:
Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

Conditions of Approval:
The Application for Permit to Drill has been forwarded to the Resource Development Coordinating Committee for review of this action. The operator will be required to comply with any applicable recommendations resulting from this review. (See attached)

This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the “Board”). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon

as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis (copy attached).

Cement volume for the 5 1/2" production string shall be determined from actual hole diameter in order to place lead cement from the pipe setting depth back to 1000' MD and tail cement to 3500' as indicated in the submitted drilling plan.

Surface casing shall be cemented to the surface.

Additional Approvals:
The operator is required to obtain approval from the Division of Oil, Gas and mining before performing any of the following actions during the drilling of this well:

- Any changes to the approved drilling plan - contact Dustin Doucet
- Significant plug back of the well - contact Dustin Doucet
- Plug and abandonment of the well - contact Dustin Doucet

Notification Requirements:
The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- Within 24 hours following the spudding of the well - contact Carol Daniels
  OR
  submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website
  at http://oilgas.ogm.utah.gov
- 24 hours prior to testing blowout prevention equipment - contact Dan Jarvis
- 24 hours prior to cementing or testing casing - contact Dan Jarvis
- Within 24 hours of making any emergency changes to the approved drilling program
  - contact Dustin Doucet
- 24 hours prior to commencing operations to plug and abandon the well - contact Dan Jarvis

Contact Information:
The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voicemail message if the person is not available to take the call):

- Carol Daniels 801-538-5284 - office
- Dustin Doucet 801-538-5281 - office
  801-733-0983 - after office hours
- Dan Jarvis 801-538-5338 - office
  801-231-8956 - after office hours

Reporting Requirements:
All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the Division of Oil, Gas and Mining,

including but not limited to:

- Entity Action Form (Form 6) - due within 5 days of spudding the well
- Monthly Status Report (Form 9) - due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) - due prior to implementation
- Written Notice of Emergency Changes (Form 9) - due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) - due prior to implementation
- Report of Water Encountered (Form 7) - due within 30 days after completion
- Well Completion Report (Form 8) - due within 30 days after completion or plugging

Approved By:

For John Rogers
Associate Director, Oil & Gas

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

September 17, 2015

Summit Operating, LLC
1245 Brickyard Road, Suite 210
Salt Lake City, UT 84106

Re: APD Rescinded – Cactus Park 10-14-36-24, Sec. 14, T.36, R.24E, San Juan County, Utah API No. 43-037-50068

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on July 30, 2014. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective September 17, 2015.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Brad Hill, Technical Service Manager

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR
OIL, GAS & MINING